

## **NIH POLICY MANUAL**

### **55003 - ISSUANCE AND RECORDING OF GRANT AWARD OBLIGATIONS**

**Issuing Office: OD/OFM 496-6101**

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#### **A. Purpose:**

This issuance prescribes the policy and procedures applicable to the issuance and recording of all the NIH grant award obligations. The objective of this procedure is to assure the issuance of grant awards within available funds in a timely and systematic manner.

#### **B. Background:**

The current procedure for the issuance and recording of grant award obligations is an integrated process between the awarding units, the Division of Research Grants (DRG), and the Division of Financial Management (DFM). The Accounting Transaction Release System (ATRS), which has been programmed as part of the DRG IMPAC Interactive Award System (IAS), provides for preparation of grant award statements at the awarding unit work site using remote terminals. The ATRS further allows the awarding unit to execute on-site input of grant obligation data onto a data set for the DFM validation of available fund balances and recording in the official accounting records.

#### **C. References:**

1. The Antideficiency Act, 31 U.S.C. 1517(a), as implemented by Chapter 2-10, Administrative Control of Funds and Budget Execution Policy, of the DHHS Accounting Manual. This material requires that each operating agency maintain a system for administrative control of funds to prevent overobligations of appropriations, places responsibility on the allowee for violations, and prescribes a means of reporting such violations to the President and the Congress.
2. Title 31, U.S.C., Section 1501(a)(5). This provision defines a grant obligation which may validly be incurred in the course of Government activity as follows:

"(5) a grant or subsidy payable -

(A) from appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law;

(B) under an agreement authorized by law; or

(C) under plans approved consistent with and authorized by law."

3. The Budget and Accounting Procedures Act of 1950, as amended. This Act requires that each Federal agency maintain a prescribed system of accounts, which among other things, requires the timely recording of valid obligations to assure adequate fund control.
4. The DHHS Accounting Manual Chapter 2-35, Clearance and Recordation of Obligations
5. The NIH Manual Chapter [4700](#), Notice of Grant Award
6. The NIH Manual Chapter [4808](#), Procedure for Congressional Notification of Grant Awards
7. The NIH Manual Chapter [1130](#), Delegations of Authority, Program: Grants and Awards No. 1, Grants-in-Aid

#### **D. Responsibility:**

1. Program officials with delegated authority are responsible for assuring that all grant awards issued conform to statutory authority, regulations, policy directives, and administrative guidelines; are within available funds; constitute valid obligations for recording in the official accounting records; and are issued in a timely manner to meet program objectives.
2. The Director, DFM, is responsible for maintaining a system of accounting, including a system for the administrative control of funds, which will adequately safeguard the allowance against violations of the Antideficiency Act and provide reports on the status of funds for managerial purposes.
3. The Assistant Director for Finance, DFM, directs the process for the continuing provision of accounting services for both intramural and extramural financial operations, and guides the control, reconciliation, and reporting of financial data.

#### **E. Definitions:**

For purposes of this chapter, terms used herein are defined as follows:

1. Allottee: An allottee is a person who receives an allotment and is charged with the responsibility of (a) administering the allotted funds for the purpose allotted; (b) conforming to any limitations included in the allotment and applying the limitations of the appropriation act and other governing law; (c) complying with the antideficiency statute; and (d) is subject to the penalties imposed for any violation of the terms of the allotment.
2. Allowee: An allowee is a person who receives an allowance and in this capacity acts for and is responsible to the allottee. His or her responsibilities include (1) administering the funds according to the stated purpose of the allowance and (2) conforming to any limitations of law or other restrictions specified by the allottee. The allowee is subject to administrative discipline for any violation of the terms of the

allowance.

3. **Obligation:** An obligation includes financial transactions which legally utilize or reserve an appropriation or fund for expenditure, such as grant awards. A legal obligation is incurred when a Notice of Grant Award (Form PHS-1533) is approved by a properly authorized official; conforms to legal authority, regulations and policy; and the recipient is formally notified of the issuance of the grant award. Where formal acceptance by the recipient is required, the legal obligation is created upon acceptance by the last party to the agreement.

#### **F. Policy:**

It is the policy of the NIH to issue all grant awards in a timely manner, which means prior to the beginning date of the budget period of the award, and to record the legal obligation in the official accounting records as soon as possible in compliance with the requirements of the Antideficiency Act, 31 U.S.C. 1517(a).

#### **G. Implementation:**

##### **1. Prerequisites**

A Notice of Grant Award will be prepared only when all requirements necessary to complete an award have been accomplished. These requirements include:

- a. an approved budget;
- b. applicable institutional assurances;
- c. an appropriate amount for indirect costs;
- d. the appropriate Financial Status Report on file; and
- e. any necessary PHS and/or DHHS clearances.

##### **2. Processing Steps**

- a. Based on an Advisory Council/Board approval recommendation, the DRG sends a Grants Management Worksheet (Form NIH 705-1) to the awarding unit for completion.
- b. The awarding unit uses the IAS of the DRG IMPAC system to create the Notice of Grant Award, which is signed by the appropriate awarding unit officials (normally, the Grants Management Officer and responsible program official).
- c. The awarding unit uses the ATRS of the IAS to release the obligation data to the DFM. The ATRS creates an accounting transaction data set for input into the NIH Accounting and IMPAC systems.
- d. Seventy-two hours before an applicable grant award is to be mailed to the recipient, the awarding unit must notify the Congressional Liaison Office

(CLO), OS, DHHS, to assure that Members of Congress and others receive prompt notification of such award.

e. The awarding unit sends one copy of the Notice of Grant Award and the application face page to the DFM when: The grant is awarded to a Federal or foreign institution, or to an individual (including Scientific Review and Evaluation Awards); or An award is revised to increase or decrease prior year funds.

f. The Accounting Section (AS), Federal Assistance Accounting Branch, DFM, certifies availability of funds on the "rule of exception" basis, i.e., the awarding unit will be notified by noon of the day following the release into the ATRS of any grant award(s) for which there are insufficient funds available in the allowance.

g. The awarding unit mails the Notice of Grant Award to the recipient, mindful of the 72-hour advance notification requirement to the CLO, OS, DHHS, if applicable.

h. The AS releases the obligation data for input into the daily cycle of the NIH Accounting System so that grant obligations may be officially recorded.

i. The DFM releases tape updates of obligations for the previous day to the DHHS Payment Management System (PMS) for financing purposes.

j. The PMS notifies grantee organizations of grant authorizations (obligations) via the PMS Report 272, "Federal Cash Transactions Report," transmitted on a calendar quarterly basis.

#### **H. Effective Date:**

This chapter is effective on the date of release.

#### **I. Additional Information:**

For further information on this chapter, contact the Federal Assistance Accounting Branch, DFM, Building 31, Room B1B30, 496-6101.

#### **J. Additional Copies:**

For copies of this manual chapter send a Form NIH 414-5, "Request for Manual Chapter," to the Printing and Reproduction Branch (P&RB), DTS, Building 31, Room B4BN09.